

# Economic Interests of National Economic Entities

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## Abstract

**Background/Objectives:** Due to the dramatic changes in the Russian economy, such as sanction imposition and import substitution priority, the presence and features of economic interest of the national economy entities have become extremely significant. **Methods/Statistical analysis:** The authors have used general scientific methods of cognition enabling to study such economic phenomenon as interest and processes in reference to each other, as well as to determine cause-and-effect dependences. For this purpose, such methods as a systematic approach, comparison, grouping, statistical, vertical and horizontal analyses have been used, and the authors have applied the principles of logic to draw basic theoretical conclusions. **Findings:** The study of the conceptual construct of economic interest has showed the presence of a large number of scientific works, which confirms the special attention paid to this category. The paper provides a generalized classification of economic interests based on various criteria, which is indicative of the diversity of interests in society, and, undoubtedly, influences the relevance of the study. In addition, the study has considered the basic approaches to the nature of economic interests, their peculiarities arising in the course of their historical development. The structure of economic interests, principles of its development and factors influencing the transformation of the system have been determined, contradictions and their influence on economic relations between the subjects of the national economy have been formed and systematized. **Application/Improvements:** The obtained results can be applied in practice when studying the possibilities and ways out of the economic crisis, when considering the main directions of further development of the economy and society as a whole, and for development and extension of institutional ideas in economics.

**Keywords:** Economic Interest, Interest, Needs, National Interest, National Economy Entities

## 1. Introduction

Special attention to the concept of economic interest has been paid within the theories of human behavior. The role of the economic interest in the activity of an individual has been considered in social-economic and political environments (A. Daune, J. Mueller, M. Olson, A. Sen, A. Hirschman, S. Holmes etc.). Great attention to investigating the economic interests has been attracted by the models of individual economic behavior within the rational choice theory (D. Miller, R. Ratner, M. Wallach, B. Schwartz, J. Elster and others). In modern concepts, the idea of the economic interest is a collectively shared ideology. The works by Ch. Barnard, W. Weber, R. Marr, J.G. March, H.A. Simon etc. have been dedicated to identifying the economic interests of employees, directly affecting their economic behavior in the company.

Investigation of the economic interest problems in different aspects has been reflected in the studies by Russian scientists (N.G. Chernyshevskiy, A.I. Gertsen, N.A. Dobrolyubov). Domestic investigations of the economic interests were continued in the second half of the 20<sup>th</sup> century and were qualitatively expanded in works by L.I. Abalkin, A.I. Arkhipov, R.A. Belousov, A.O. Blinov, A.L. Bobrov, V.F. Bondarev, A.I. Voropayev, B.Ya. Gershkovich, G.Ye. Glezerman, G.V. Gorlanov, E.P. Dunayev, G.A. Yegiazaryan, Ye.N. Zhiltsov, S.S. Ilyin, V.N. Kazakov, V.P. Kamankin, M.A. Kastosov, I.F. Komarnitskiy, T.A. Kuliyev, V.V. Kulikov, S.P. Makarov, O.P. Molchanova, I.N. Myslyayeva, A.D. Nekipelov, A.A. Nikiforov, V.V. Radayev, P.V. Savchenko, V.G. Sadkov, M.A. Sazhina, A.V. Siginevich, V.T. Smirnov, I.I. Stolyarov, Ye.S. Stroyev, M.I. Suvorova, I.F. Suslov, Yu.I. Haustov, K.A. Khubiyev, A.A. Shulus, V.M. Yuryev and other scientists.

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Definitions of epistemological nature of the economic interest, of its psychological component can be found in works by A. Akhundov, V.A. Vasilyev, G.T. Kovalevskiy.

Subjective and objective foundations of the economic interest have been reflected in the studies by V.M. Ageyev, R.A. Belousov, A.G. Zdravomyslov, P.A. Kanapukhin, V.N. Kashin, S.P. Klinov, I.T. Korogodin, G.A. Kuliyeu, V.P. Pereverzov, Yu.I. Haustov, L. Ye. Chinakova etc.

The issues of stimulation and motivation of economic entities in light of realization of their economic interests have been studied from different methodological positions in both domestic political economy and in foreign science. Notable contributions to developing the issues of stimulation and motivation have been made by M.P. Aleshunas, A.S. Afonin, V.V. Bubnov, A.T. Veselov, V.K. Vilunas, V.V. Gudimov, O.Ye. Kovaleva, V.N. Kovalyk, M.I. Kuznetsova, Ye.V. Maslov, N.V. Podkhvatilin, G.N. Sartan, A.Yu. Smirnov, M.T. Tolstopyatova, Ye.E. Yuferova, etc.

However, up to now, notwithstanding the great number of the investigations dedicated to economic interests, there are still a lot of poorly investigated theoretical issues, such as the role and the place of the interests in the economic system, the objective conditions forming the economic interests and the factors, stipulating their evolution. The principles of establishing, functioning and developing the system of economic interests under conditions of globalization, the structure and the specifics of their interrelations under new economic conditions, as well as the inevitably occurring contradictions, considerably affecting the development of national and of the world economy, have not been investigated properly.

The functions of principal economic entities (households, companies, state), institutional environment, within which those functions are realized, and the individual economic behavior are driven by the economic interests, and, at that, reflect their complex structure. The most important things for new political economics include determining the structure of economic interests, their relations of opposition and of alignment as the conflict-compromise relations, the mechanisms for realizing the interests in the economic behavior of individuals, households, companies, state and its officials<sup>1</sup>.

## 2. Methodology

The multidirectional nature of the subjects' interests under these conditions often results in the apparent or in the latent conflicts, in irrational costs, which all leads to the

ineffective economic development. The objective character of those processes sets several new theoretical and practical tasks before the science of economics<sup>2</sup>. One of them is to identify the genesis of the characteristic feature of the economic interests, because, notwithstanding the extensive historical heritage concerning this issue<sup>3-5</sup>, up to now, no unified scientific approach has been adopted to define the essence and the nature of the economic interests. Given the considerable number of studies, dedicated to analyzing different aspects of the economic interests, there are still many controversial, and, consequently, insufficiently investigated theoretical issues. Among them there are such issues as follows: Historical, epistemic and ontological nature of the economic interest; the predetermining factors; the forms and the conditions for realizing the interests under modern conditions; the role and the place of the interests in the economic system of the community; the principles of forming, functioning and developing the system of economic interests; trends in their transformation.

It should be noted that the essence of the economic interests should be defined based on the initial cause of the subject's economic activity, in other words, based on its major objective. The majority of scientists explain the essence of such category as "economic interest" with two basic assumptions. First, the interests reflect the subject's aiming at "self-actualization", i.e. at preserving or at improving his social and economic standing, which is achieved, in its turn, by means of satisfying the needs in the optimum way. Second, the interests are directly stipulated by the standing of their bearers within the system of social and economic relations<sup>6</sup>. That is, the multifaceted character of the ideas of "interest" and "economic interests" should be noted.

The efforts to classify the interests can be found in works by C. Helvétius<sup>7</sup>. The fundamentals of his approach are represented by the relations between a man and the supreme intelligence. It was pointed out that if the physical world is governed by the law of movement, then the spiritual world is in the same way governed by the law of interest. The studies by C. Helvétius almost approached the thought of a close interrelation existing between the interests of personality and the public production, however, the low level of development of the productive forces did not allow for such generalization at the time.

In the end of the 18<sup>th</sup> century, a qualitative abrupt change in the public production development took place, which required bringing the theoretical issues of

economic interests to a new level. The founder of the classical economics, Adam Smith, considering the interests in the light of labor distribution and in the light of the associated necessity for the exchange of goods, came to a thought, that the processes of producing and exchanging the goods are based on the interests of people: "Not a single individual will think of public interests he will pursue his personal gain only, and, in this case, as in many other cases, he will be governed by the invisible hand, that leads him to his goal, which has nothing to do with his intentions"<sup>5</sup>. However, the interrelation of the interests with the social relations has not been explained by A. Smith, because, in the first place, he did not consider this correlation from the position of the public production.

A considerable contribution in developing the theory of economic interest belongs to a representative of classical German philosophy, Hegel<sup>3</sup>, who justified the impossibility to reduce the interest to the intrinsic nature of man, that is, people would satisfy their interests, but, owing to this, something follows, something, that is hidden, that is contained within them, but is not perceived and is not intended. Based on his views of the word, Hegel directly connected the interests with the world intelligence, with the absolute idea. For quite a long period, the abovementioned assumptions used to be the fundamental ideas in determining the essence of economic interests in both domestic and foreign economic thinking.

In modern studies, great attention is still paid to analyzing the economic interests. Thus, for example, academician L.I. Abalkin notes the following: "Insufficient investigations of the mechanism of applying economic laws are, to a large degree, associated with the fact that the issues of the economic interest are underestimated by the economic science. Our knowledge of them does not go further than the conventional ideas; neither their structure nor their co-subordination is fully known"<sup>8</sup>. Thus, it can be maintained that now the issue of identifying the essence and the characteristics of economic interest approaches the qualitatively new higher level.

For instance, Professor V.V. Chekmarev<sup>9</sup> notes that the economic interests, as a form of representing the needs, have become self-sufficing in the analysis.

M.I. Skarzhinskiy<sup>10</sup> pointed out that, within the system of economic interests, along with the interests of the state and those of separate individuals, there is a growing force of the interests of separate companies. The ambition to meet those needs should prospectively lead to the companies' commitment, with the support from the state, to

create their own systems for training and preparing the specialist for their production processes.

The classification aspect of the economic interests is ambiguous. The diversity of economic needs generates the diversity of economic interests, creating complex and dynamic system with multiple levels in the reproduction stages, in space and in time, in statics and in dynamics. For the purposes of studying the issues of practical realization of the aligned economic interests, the suggested classification is given in Table 1.

Historically, two basic approaches can be distinguished in treating the question of interaction between the economic interests and the institutional system:

1. Based on the interests of the individuals, who, as a rule, unite in organized groups to satisfy these interests;
2. Based on the public interests, when the major actor is represented by the state, empowered by the community as its trusted entity to solve relevant tasks.

Basic approaches to studying the essence of the economic interest are given in Table 2.

Economic interests represent an economic system. Consequently, the interests should be considered as the expression of the production relations in the relevant community. As long as these relations exist, the subjects of these relations, depending on their place and position within this system, will reveal the interests, which correspond exactly to this position<sup>11</sup>. Table 3 shows the most widely accepted definitions of the category of "economic interests".

This thought has been clearly expressed in the well-known statement belonging to F. Engels: "Economic relations in each given community are expressed, first of all, as interests"<sup>12</sup>.

Economic interest is a term, a category, used in economics, in finances for studying and for defining the activity stimuli of the economic agents, predetermining their behavior<sup>13</sup>. The economic interest rests in the basis of the production stimulation system, which represents the economic relations system, associated with satisfying economic interests<sup>14</sup>.

In their essence, economic interests are based on economic needs of the economic entities, which interests, basically, represent the interaction between economic needs, and which express them as an aggregate. Thus, the major specific feature of the economic interests,

**Table 1.** Classification of economic interest

Classification criterion		Classification	Source
1.	By aims and by the nature of the expected result	- material (practical);	Golubev SV, Boskhamdzhiev NA, National interests in administrative law investigation of the national security system. Administrative law and procedure. 2009; 5.
		- spiritual (ideal)	
	By degree of commonality, by the scope of covering social reality	- common interests;	
		- private interests	
	By duration and by urgency for a separate individual	- temporary;	
		- continuous	
2.	By hierarchy	- state interest;	New Inspire. ru <a href="http://newinspire.ru/">http://newinspire.ru/</a>
		- collective interest;	
		- individual interest	
3.	By subjects	- private interests, associated with individual needs	Feoktistov AG, Theoretical aspects of predicting economic activity. SZTU, Saint Petersburg, 2005. General Psychology: Reference book under editorship of V.V. Bogoslovskiy, A.G. Kovalev. Moscow: Prosveshcheniye, 1981. Kanapukhin PA, Problems of modern economics. Eurasian international scientific-analytical edition. 2008; 3 (27). Available at: <a href="http://www.m-economy.ru">http://www.m-economy.ru</a>
		- collective, group interests, represent the requirement to meet the needs of the groups of population, enterprises, organizations, united by common interest.	
		- community interests, represent the needs of society and of the state on the whole	
4.	Depending on attainability	- realistic;	Kanapukhin PA, Problems of modern economics. Eurasian international scientific-analytical edition. 2008; 3 (27). Available at: <a href="http://www.m-economy.ru">http://www.m-economy.ru</a>
		- utopian	
5.	By degree of perception	- factual;	Kanapukhin PA, Problems of modern economics. Eurasian international scientific-analytical edition. 2008; 3 (27). Available at: <a href="http://www.m-economy.ru">http://www.m-economy.ru</a>
		- apparent, imaginary	
6.	By objects	- property;	Kanapukhin PA, Problems of modern economics. Eurasian international scientific-analytical edition. 2008; 3 (27). Available at: <a href="http://www.m-economy.ru">http://www.m-economy.ru</a>
		- financial;	
		- intellectual etc.	
7.	By urgency, by importance	- major, first ranking;	Samoylovich VG, Telushkina YeK, Economic interests of the agents. Moscow. Academia.2009 Kanapukhin PA, Problems of modern economics. Eurasian international scientific-analytical edition. 2008; 3 (27). Available at: <a href="http://www.m-economy.ru">http://www.m-economy.ru</a>
		- secondary	
8.	By time attributes	- current;	Semenenko VM, Theoretical economics. Political economics. Textbook. Kiev, 2010. Kanapukhin PA, Problems of modern economics. Eurasian international scientific-analytical edition. 2008; 3 (27). Available at: <a href="http://www.m-economy.ru">http://www.m-economy.ru</a>
		- perspective	

Table 1. (Continued)

9.	By territorial attributes	<ul style="list-style-type: none"> <li>- municipal;</li> <li>- regional;</li> <li>- national;</li> <li>- state unions;</li> <li>- panhuman (global)</li> </ul>	Karapetyan ST, Theory of economic interest. Issues of economics. 1993; 11.
10.	By place within the production (reproduction) process	<ul style="list-style-type: none"> <li>- interests occurring in the process of production;</li> <li>- interests occurring in the process of distribution;</li> <li>- interest occurring in the process of exchange;</li> <li>- interest occurring in the process of consumption.</li> </ul>	Kundakchyan RM, Problems of modern economics, 2010, 3 (35).
	By role in social life	<ul style="list-style-type: none"> <li>- positive;</li> <li>- negative.</li> </ul>	
	By nature of resources	- labor;	
		- money;	
		- production;	
		- financial;	
		- credits etc.	
	By the form of relations between subjects	- direct and reverse causality;	
		- principal and secondary;	
		- immediate and production.	
	By activity scale	- local;	
		- global.	
	By time of action	- long-term and short-term;	
		- perspective and current.	
	By way of participation in the production process	- interests of an employer and of an employee.	
	By nature of a subject	- simple and complex	
By affordability and quality of different services	- medical,		
	- educational,		
	- cultural,		
	- social services, leisure.		
11	By nature of interaction with a subject	<ul style="list-style-type: none"> <li>- external;</li> <li>- internal</li> </ul>	Krylovskiy AB, Economic interest and stimulation in the investment relations system. Stavropol, 2005.

**Table 2.** Approaches to the essence of economic interest

No.	Approach	Investigation principles	Characteristic	Author
1.	Classical economics		Freedom of an individual renders maximum economic profit to the society. In pursuit of his own interests an individual does more good to the society than when he takes care of common interests. Therefore, the state is obliged to protect him from violence, injustice and oppression	Smith A. An Inquiry into the Nature and Causes of the Wealth of Nations. Moscow: Sotsekiz. 1962.
2.	Neoclassical theory		The principle things are the free market and the elimination of all impediments for its existence. This creates the most favorable conditions for economic growth and development, resulting in satisfaction of economic interest.	
3	Entity approach (Marxist approach)	The principle of moving from the abstract to the concrete, the principle of unity of the historical and the logical, the principle of materialist dialectic	The mutual connection is found between the transformation of economic interests and the alterations in the conditions of production. It has been proved that the social order of production, based on some definite ownership relations, does drastically affect the formation of interests.	Engels F, England in 18th century. Marx K, Engels F. Writings, 2nd ed., 1: 605, 699 Engels F, The origin of the family, private property and the state. Marx K, Engels F. Writings, 2nd ed., 21: 113; 746.
4.	Marginal methodological approach	The principle of diminishing marginal utility, the principle of maximizing utility (pleasure), the principle of the unlimited rationality of a subject, the principle of the spiritual need abstractedness.	The higher moral sentiments are put beyond theoretical economy. Simplifying the motivation of a subject, the superficial forms of the economic interest manifestation have been studied without any insight into their essence. Identifying the connection between the economic interest and the rationality of a subject is important.	Jevons W. The Theory of Political Economy. London, 1924: 55.
5.	Keynesian methodological approach	The principle of limited rationality of subjects, the principle of dynamic level of development of personality	In virtue of the specified principle of the limited rationality of subjects, “easy and quick money” represents more interest for a subject than a thorough science-intensive development of the long-term investment strategy, though the interests of the long-term investors are in conformity with the interests of the community. The disadvantages of Keynesian approach are represented by its divorcement from analyzing the production relations, which make the basis for the economic interest under capitalist production process.	Keynes J. General theory of Employment, Interest and Money. Translated from English by N.N. Lyubimov. Moscow: Gelios ARV, 1999. P.352.

Table 2. (Continued)

6.	Institutional approach	The principle of superiority of institutions, the principle of limited rationality, the principle of transaction costs, opportunism principle	Institutions are postulated as comprehensive historic entities including all sides of social life. A considerable advantage of the institutional approach is its low level of abstractedness, therefore the models of human motivation, obtained with the help of this method, are distinguished by close approximation to reality.	Williamson O, Behavioral prerequisites of modern economic analysis. Anthology Thesis, 1993; 3: 41, 39-43. Veblen Th, The theory of the leisure class. Edited by V.V.Motylyev. Progress publishing house, Moscow: 1984; 201-202, 368.
7.	Psychological approach	The principle of domestic materialist psychology	The cause and effect correlation has been established: the level of interests and needs predetermines the level of personality development, which, in its turn, determines the spiritual side of the subject's life (activity). Simultaneously, the reverse causality is true: the key elements in forming the interests and needs are, in the first place, the human activity, and, second, the material conditions of this activity.	Rubinstein SL, Basics of general psychology: in 2 volumes. V. II. Moscow: Pedagogika, 1989; 2: 42, 328.
8.	Integral objective-subjective methodological approach	The principle of cause and effect correlations between the contents of an economic category and its form, between the entity as an aggregate of economic relations and the phenomenon, the principles of dialectic	The unity and contradiction of two sides of economic interest have been justified. They are subjective, as they are human internal stimulating motives. They are objective, as they express economic relations in any society.	Korogodin IT, Social labor system: issues of methodology and theory Moscow: Paleotip. 2005; 209, 224
9.	Integral methodological approach	The principle of interaction between two fundamental sides of the production process, namely, of the material and social sides, the principle of multilevel character of production forces and production relations, the principle of reverse connection from the subjective to the objective, the principle of the three-component structure of the society (needs, values, rationality).		

**Table 3.** Definition of category economic interests

No	Interpretation of Economic Interests	Author
1.	Use, benefit, achieved in the process of realizing economic relations. They are the motives and the stimuli for socially directed actions of economic entities in achieving definite results to satisfy different needs.	Semenenko VM, Theoretical economics . Political economics. Textbook. Kiev 2010.
2.	They are a form of expressing the relations between the economic agents concerning production, distribution, exchange and consumption of limited material resources. Economic relations, manifested through economic interests, acquire the nature of the driving forces for social development, of stimulating motives for human economic activity. <sup>32</sup>	Sociology: Encyclopedia. Edited by A.A. Gritsanov, V.L. Abushenko, G.M. Yevelkin, G.N. Sokolov, O.V. Tereschenko. 2003.
3.	The relations occurring between different property entities concerning realization of economic needs <sup>33</sup> and the objective stimulating motives of economic activity <sup>34</sup> , representing the system of economic needs of the economic agents. <sup>35</sup>	Lobacheva YeN, Economic theory, 2012. Vorobyov YeM, Gritsenko AA, Kim MN, Economic theory. Textbook. Kharkov: Press-Fortuna, 1997. Arutyunova GI, Beznovskaya VV, Kuntsman MV, Terminology minimum for economic theory. MADI. Moscow, 2010.
4.	They represent the characteristic of the economic agent, comprising the economic activity aimed at increasing the degree of satisfying the intrinsic needs by means of applying the available resources effectively, which is manifested by time savings. <sup>36</sup>	Chernetsova NS, Kanakina VA, Economic interests under conditions of cooperation as a form of labor management. News of Penza State Pedagogic University named after V.G. Belinskiy. 2012; 28.
5.	The needs, stipulated by the economic relations, which satisfaction ensures human existence and development. <sup>37</sup>	Lukyanova AA, Correlation between the economic system sustainable development and the economic interests. News of Penza State Pedagogic University named after V.G. Belinskiy. 2008; 11.
6.	They are of universal character, covering different spheres of economy and different levels of social structure. Each economic interest is realized by means of connections with other interests, i.e. the aggregate of economic interests is an organic unity. <sup>31</sup>	Svitich AA, Specific features of economic interests under conditions of globalization. Moscow. 2013.
7.	Dedicated activity of the economic agents to satisfy their economic needs, which are the objective stimulating motives of their economic activity. <sup>38</sup>	Myasishchev VN, Problem of psychology in the light of Marxism-Leninism classics views on human relations: Reference book. Leningrad. State University named after A.A.Zhdanov,1955.
8.	Economic interests represent the need for the goods of life, perceived by a human as his desired profit, mediated by the manifested economic relations as the directed economic activity, aimed at satisfying his needs.	
9.	The form of expression of the needs, manifested in the objective actions of the economic agents to renovate social and economic relations, institutions and mechanisms for their implementation in order to achieve economic profit, to improve the quality and the standards of life.	Panyushkina YeV, Theoretical aspects of realizing economic interests under conditions of modern economy. Yaroslavl, 2013.

considered together with other economic categories, is that the interests express movement, dynamics.

In this regard, as is highlighted by, “the interrelation between different economic needs shows movement, dynamics, alteration in economic functions, a transgression from one process stage to another. The driving force of the interest apparently reveals itself in interac-

tion between the controversial aspects of the movement itself<sup>15</sup>.

Economic interests are expressed in dynamic correlations:

1. In different norms (profit rate, interest rate, production rate etc.);

2. In correlation of costs and results (specific output, return on assets ratio, specific material requirement, capital-output ratio etc.);
3. In dynamics of this or that volumetric category (product, revenues, costs etc.) and in ratios of volumetric categories (dynamics of output, dynamics of return on assets ratio, dynamics of profit rate etc.)<sup>15</sup>.

According to V.P. Kamankin<sup>15</sup>, “actually, dynamics of any economic interests can be fixed quite precisely and can be scientifically analyzed by interpolating them with respect to realization of other interests.

Economic interests stimulate the activity of the economic agents, unite the vital forces and actions of many people and create their new qualitative, quantitative and social organic unity. The objective basis of the economic interests consists of their being stipulated by the economic standing of the major production relations bearers and also by their functions under the conditions of historically predetermined process of production”<sup>16</sup>.

The system of economic interests develops in line with the changes occurring within the system of needs, and in line with the transformation in relations of ownership in the direction of their more expressed socialization and alignment based on resolving the intrinsic, continuously reproduced contradictions. Thus, within the consistent pattern of the system of economic interests development the following principles become evident: 1. Economic interests represent the form of expressing the economic relations, occurring between people concerning the necessity to meet the existing needs; 2. Developing the system of economic interests is the most important element of economic development; 3. Interaction between economic interests at different levels possesses the nature of dialectic contradiction; 4. In the basis of developing the system of economic interests and, consequently, in the basis of economic development, rest the processes of the increasing needs and those of the transformation of the production means ownership; 5. The source of developing the system of economic interests and of developing the economy on the whole is the search for the ways to resolve the immanent contradictions<sup>17</sup>.

### 3. Results and Discussion

The contradictions in the system of economic interests are predetermined by both objective and subjective

reasons. In this regard, three groups of contradictions can be identified:

1. The contradictions stipulated by the specific features of the sphere of interaction between the economic agents in the reproduction process (production, distribution, exchange, consumption);
2. The contradictions associated with the multidirectional nature of the interests of the economic entities;
3. The contradictions generated by differences in the degree of appropriating the means and the results of production by the economic entities<sup>18</sup>.

Objective contradictions in the system of interests are stipulated by their diversity, which includes different forms, types and sorts, as well as by the multi-subject character of each of the sort of interests. Difference in the interests follows from relative independence, from isolation of the subjects.

Objective contradiction is both mutual and internal. The first means the presence of the objective contradictions between different subjects of interests (for example, state interests and private interests), and the second means the presence of contradictions within the framework of each of these subjects, when, for instance, the state, as an economic agent is forced to realize the current economic interests to the disadvantage of the strategic interest.

The objects of contradictions between the state and the collectives of the companies are represented by the following: revenues, tax rates, financial resources, credits, tax and credit preferences and rebates. The objects of contradiction between the state and the population are represented by incomes, transfers, taxation rate, rebates and the consumer credits. The objects of contradiction between the companies and the employees are, basically, the distribution of profits, the wages, the amount and the quality of labor, working conditions, participation in ownership and in management. Objects of contradiction between the companies are the ownership, the resources, the prices and the contractual terms.

The contradictions can also be stipulated by subjective reasons, such as mistakes in scheduling and in economic practice. In this case, the conflict of interests is, as a rule, predetermined by the fact that either the objective laws are not properly taken into account by the economic management, or that the objective requirements are ignored, or that the changes in the conditions of production, distri-

bution, exchange and consumption, introduced into the state economic policy, are not foreseen on regular basis.

The contradictory nature of the interests is most often expressed in practice in the form of economic egoism, characterizing the perception of interests by the economic entity<sup>19</sup>. This egoism affects the behavior of the economic agents, disarranges them and is detrimental, in the first place, to the public, collective interests, depriving them of their status of the exclusive factor of economic activity; which is manifested, for example, in violating the formalized legislative norms of economic behavior. Therefore, in this study egoism is considered as a phenomenon contradicting the positive essence of the interests, especially that of the public, collective interests.

Economic contradictions can be characterized as a source of qualitative development of the interests and of the bearer subjects as well as the driver in the development of productive forces and of the production relations.

Thus, the system of economic interests reflects the economic relations, formed in the community concerning production, distribution, exchange and consumption of the public product. This system is, in its nature, heterogeneous, consisting of many subjects, satisfying the needs of their own as a result of controversial interaction, and, therefore, it requires coordination, compromise, and, sometimes, the mutual elimination of the interests of its component subjects, as a prerequisite for economic order and development.

The abovementioned contradictions in the system of economic institutions predetermine the progress rate and the directions of developing the system of economic interests.

The undertaken analysis discovered the system of contradictions in the relations between the economic agents at all levels of national economy.

Economic interests, as a system of activity stimuli, can transform or originate in some particular cycles of social and economic development. Those cycles can possess different temporal and qualitative parameters. The cycle is believed to be the time when a definite socioeconomic formation exists and the relatively short period associated with the specific characteristics of the state economic and social policy. In modern cycle of economical development in Russia, there is a combination of both local and central effects on realizing the interests.

The interests are grouped according to the integration processes occurring among the bearers, which predetermines the hierarchy of interests of the economic agents in

such a way that the priority is always preserved for realizing the interests of the national, the state level, as is shown in Figure 1.

Systematic arrangement of the sustainable, most significant factors, stipulating the most important economic conditions and affecting the balance of mechanisms for realizing economic interests, makes it possible to bring forth the arguments for theoretical ideas, enhancing the imaginary limits of asymmetry spheres in the process of realizing different economic interests.

Thus, the economic interests are formed by the perceived needs of the economic entities, by the relations of ownership, by the objective ambition to profit. Their content is heterogeneous and is manifested through different

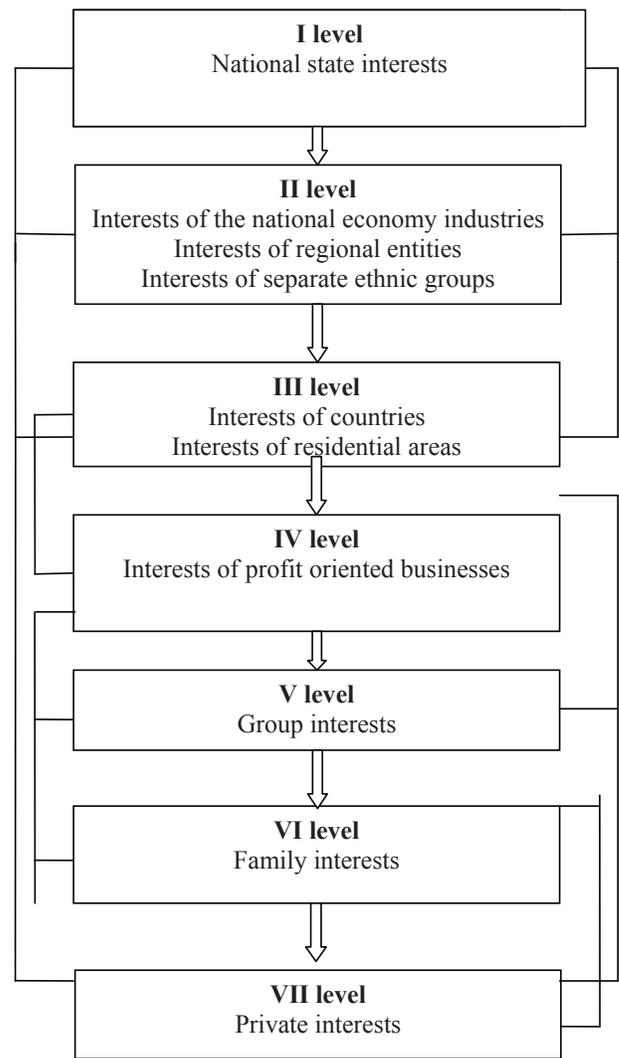


Figure 1. Realization of the national level interests.

set of motives, stimuli, targets and tasks of the activity. The process of aligning the interests is made more complicated by the presence of the self-destruction mechanism within them. On the one hand, the interests are the cause explaining the action or the deed of a separate economic agent or of a group of bearers, on the other hand, the economic agents can act against their own interests or against the interests of other subjects demonstrating the opportunistic behavior and the modified interests. The interests generate motives that is the stimuli for the action, and the stimuli act as the agitators of activity, being created by the managers taking into account the interests and the motives of the agents' behavior<sup>20</sup>.

Investigating theoretical basics makes it safe to say that the nature of economic interests reveals itself in the process of developing the economic relations, at that, they are positioned as the key factor of the development itself. The relevant characteristics of the specified category used to be enhanced at each stage of the economic relations development and used to acquire yet more profound contents. The first investigators reduced the interests directly to the state of a separate subject and used to consider it solely from the positions of human egoism; however, as the social sciences progressed, the issue of interest became closely connected with the issue of satisfying the needs and meeting the demand, thus endowing the interests with the economic meaning<sup>21</sup>.

The system of economic interests in modern society integrates in itself the complex subsystems of public, collective and private interests, each of which unites the multiple forms and types. In its turn, the process of forming, realizing and aligning the economic interests of the subjects at all levels becomes a driving factor for developing social relations. The co-subordination in the hierarchy of economic interests is realized based on such criterion as the nature of interrelations between the economic entities and their priorities. Under the conditions of economic transformation, when, at the background of denationalization, the new conditions for entrepreneurial developments are created, the priority is shifted to personal interest, which, in its turn, subordinates the collective and the public interests.

The drastic character of the changes and the persistence of the crisis processes in Russian economics are directly dependent on the standing system of economic interests. This is manifested through the fact that the system of interests and the process of its modification affect the nature of the crises, determine the results of social and

economic changes. Moreover, the alternating progress rate and the quality of the development processes, the loss of the old economic relations and the creation of the new ones, the establishment of different forms of ownership affect the motivation of the economic agents' behavior, and, consequently, affect the correlation of the interests. All this, in its turn, predetermines the correlation of the interests within the system, the directions for their interaction, and the development of the system of economic interests as a whole.

In the process of satisfying the economic interests, different subjects realize their objectives by means of affecting different economic parameters, significant for them. An economic entity, having identified the key manageable parameters, implements administrative actions to affect the behavior of any parameter with the help of different mechanisms. Given the multiplicity and the multidirectional character of the interests, there is a considerable diversity of the controlled economic parameters and of the governing factors.

The category of "economic interests" is the form of expressing the economic relations between people concerning production, distribution, exchange and consumption of material goods and services. As is well known, the subjects establish economic relations driven by the necessity to meet their needs. The connection between the economic relations and the needs can be confirmed by observing any of the spheres where the economic relations reveal themselves. Consequently, any manifestation of positive economic activity is stipulated by the necessity to satisfy the needs.

To clarify the contents of the economic interests, their nature has to be identified. The theory of economic interests considers three points of view regarding the issue. Economic interests are treated as a subjective category, an objective category and as a category, which expresses the unity of the objective and the subjective<sup>22</sup>.

The economic interests, as the most important driving forces of social development, have been and are still investigated by many domestic and foreign economists<sup>23</sup>.

At least, three independent approaches to considering the nature of economic interests can be identified, according to which the interests represent the objective, objective-subjective or purely subjective economic category. At that, the most substantiated seems to be the position of the economists, who associate the economic interests, based on the objective needs and on the

economic relations, with the objective phenomena of economic reality, independent of the will and of consciousness of the economic agents. Being a complex system, consisting of interrelated types, forms and sorts, the economic interests are classified according to the types and forms of ownership, and according to the needs, which form integrated groups based on a number of criteria.

One of the most far-sighted and practically important directions in developing the economic theory is the investigation of interrelations between the economic interests and the economic behavior of the agents. Scientific developments regarding this issue affect the effectiveness of the actions aimed at improving the economy mechanism, at ensuring the alignment of multidirectional interests within the community<sup>24</sup>.

The specific feature of the economic behavior is its subjective-objective nature. Behavior is the unity of target and action. Goal-setting is the characteristic and the result of the subject's conscious activity.

The target oriented economic behavior of the subject is the aggregate of the individual acts of selection.

Thus, the functioning system of interests is the system, which develops, which is in the process of continuous transformation. The development of the system of economic interests represents the consistent, sequential transformation of the needs and of the behavior of economic subjects, stipulated by alterations in their economic and social standing, and it progresses under the effects of the objective economic conditions.

At that, the requirements to the mechanisms for aligning the economic interests become more exacting, inasmuch as the interaction of the subjects is impossible when their interests collide; they establish relations with each other on one condition only, when each of them pursue its own specific interests, which are the opposite to those of the counteragent.

Economic interests are of both objective and subjective nature, and, being a driving force of the economic activity, in practice, they facilitate realization of the objective economic laws<sup>25</sup>.

Should there be no opposition of needs, no interest should come to life; and thus, the economic contradiction is positioned as a form consisting of the non-concurrent interests of the interrelated subjects in the production relations process<sup>26</sup>.

The content of the category "economic interests" is contradictory in itself. On the one hand, the economic interest includes personal aspect, which "governs" the

behavior of man, and, on the other hand, when a person establishes economic relations, he does not confine himself within the limits of his personal interests, he does satisfy some needs of other man or people<sup>27</sup>. The contradictions between the interests of the economic agents are inevitable at all stages of the reproduction process under any social order, and they do not represent any obstacle for evolution and for the progress in the production relations. However, the prospects of evolution and of progress depend on the form and on the scale of the monopolist interests revealed by any of the economic agents.

## 4. Conclusion

Investigating the development of the theory of economic interests, their economic contents and norms proves that the economic interests, among many other economic categories, are of special significance, as they represent the powerful driver for developing the production forces, for developing economic and other relations at all stages and at all levels of economy. The concept of interests plays a key role in modern theoretical economics. A separate individual, based on his economic interests, based on interpolating the expected costs and profits, makes rational choice between the alternative solutions. An action, driven by economic interest, is characterized by two elements: introversion and rational reasoning.

Economic interests represent the intentions of the individuals and of the economic entities to meet their ever-increasing economic needs in full and in a timely manner under the conditions of limited resources, and, on this basis, to realize high-quality reproduction; they are evaluated by correlating the relative utility of the obtained economic goods with the scale of the costs, required to obtain them<sup>28</sup>.

They are the form of expressing the relations of ownership and they lead to the transformation of the mechanism for their realization. The subjective basis of the economic interests consists of the needs, occurring in the process of these subjects' activity within the framework of these relations and they are the impulses for developing the production process. In this particular type of correlation, the subjective-objective nature of the economic interests reveals itself to the full<sup>29</sup>.

Thus, the economic interests play a quite active independent part; if they are ignored, or if there are no effective mechanisms to realize the economic interests,

then economic crises can break out or the social order can be changed<sup>30</sup>.

Objective nature of the economic interests predetermines the objectiveness of economic relations and needs, they exist, whether perceived or not<sup>31</sup>.

The specific characteristic of the economic interests is that they, being an expression of economic needs, reflect simultaneously the social and the economic aspects of life conditions, therefore, the interest is always something bigger than just meeting the needs.

Thus, the economic interest and the need are correlative categories, reflecting the same phenomena, connections and relations, intrinsic to social and economic reality, though in different aspects. The need is met by the result of economic activity, and the economic interests determines the direction for this activity for each subject, based on the historically developed conditions of material life in the communities<sup>23</sup>.

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